



United States Department of the Interior  
OFFICE OF THE ASSISTANT SECRETARY - INDIAN AFFAIRS

Washington, D.C. 20240



IN REPLY REFER TO:

**National Policy Memorandum**

**Assistant Secretary - Indian Affairs  
Deputy Assistant Secretary – Management**

**Effective: 01/27/14**

**Expires: 01/27/15**

**Number: NPM-FIN-10**

**Title: Revenue and Expenditure Alignment for Fixed Fee Funds**

**1. Purpose**

This memorandum establishes Indian Affairs (IA) policy and procedures for reallocating charges within Fixed Fee funds.

**2. Scope**

This policy applies to all IA headquarters, field and program staff under the authority of the Assistant Secretary – Indian Affairs (AS-IA), including the Bureau of Indian Affairs (BIA) and the Bureau of Indian Education (BIE.)

**3. Policy**

It is the policy of Indian Affairs to comply with federal regulations and policy and direction from the Department of the Interior (DOI) and the Office of Management and Budget (OMB) to ensure adequate internal controls measures and reviews are established and implemented. IA has implemented procedures to ensure proper internal controls in compliance with OMB Circular A-123.

**4. Procedures**

IA has developed Interim Procedures for the Revenue Expense Realignment for Fixed Fee funds to provide directions on the process of aligning revenue and expense posted to the Fixed Fee Fund (YYA2100FF – Reimbursements from the Public). The reimbursements identified in this fund are fees collected by the program and made available to reimburse the cost of administering the program. To close the books, the sum of the revenue and expenses for each program must equal zero. To achieve this, analysis of the reimbursable account must be completed and

adjustments made as necessary. The **Interim Procedures for Fixed Fee revenue Expenditure and Alignment** are attached to this NPM.

In addition, to ensure proper internal controls are followed in the process of completing these adjusting entries, IA has developed Interim guidance titled *Preparing, Approving and Supporting Adjusting Entries (Journal Vouchers)*. This guidance is also attached to this Memoranda.

## 5. Authorities

### A. Statutes and Regulations

- 1) Federal Acquisition Regulation (FAR):  
<http://www.acquisition.gov/far/html/FARTOCP07.html>
- 2) DOI Departmental Manual: <http://elips.doi.gov/elips/0/fol/1338/Row1.aspx>
- 3) General Services Administration Acquisition Regulation (GSAR):  
<http://www.acquisition.gov/gsam/current/html/GSAMTOC501.html#wp436256>
- 4) Principles of Federal Appropriations Law, Vol. I, Chapter 5: Bona Fide Needs Rule:  
<http://www.gao.gov/assets/210/202437.pdf>
- 5) OMB Circular A-123:  
[http://www.whitehouse.gov/sites/default/files/omb/assets/agencyinformation\\_circulars\\_pdf/a123\\_appendix\\_b.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/agencyinformation_circulars_pdf/a123_appendix_b.pdf)

### B. Guidance

- 1) FBMS Segregation of Duties (SoD) Policy:  
<http://www.doi.gov/pfm/fmm/upload/FMM-2011-005-FBMS-SoD-Policy.pdf>

## 6. Approval



Thomas D. Thompson  
Deputy Assistant Secretary – Indian Affairs (Management)

Date

1/31/2014

**Indian Affairs (IA)**  
**Interim Procedures for**  
**Fixed Fee Revenue and Expenditure Alignment**

## **1.0 Purpose**

To provide instructions to staff on the process of aligning revenue and expense posted to the Fixed Fee Fund (YYA2100FF – Reimbursements from the Public). The reimbursements identified in this fund are fees collected by the program and made available to reimburse the cost of administering the program. To close the books, the sum of the revenue and expenses for each program must equal to zero. To get to that point, analysis of the reimbursable accounts must happen and adjustments must be made, as necessary.

## **1.1 Authorities**

### **Trust - Natural Resources**

- 25 CFR 163.17 Services Related to Timber Sales
- 25 CFR 166.501 Grazing- Administrative Fees
- 25 CFR 211.52 Oil & Gas – Administrative Fees
- 25 CFR 166.812 Agricultural Lands Trespass

### **Trust – Real Estate Services**

- 25 CFR 162.241 Administrative Fees from Leases
- 25 CFR 152.31 Conveyance Fees

## **2.0 Who is responsible for carrying out these procedures?**

All Central, Region and Agency offices with reimbursable accounts must complete the alignment process quarterly.

## **3.0 Where are the revenue and expenditures recorded?**

Fees are recorded in Fund YYA2100FF under several different Functional Areas. They are identified on the Fixed Fee Report. Reconciliation of the fees will follow one of two scenarios that are referenced throughout these instructions:

- A. Programs where the sum of reimbursement and expense is positive.
- B. Programs where the sum of reimbursement and expense is negative.

## **4.0 What fee transactions are not covered in this procedural document?**

Court Fines and Fees (XXXA2100CF) are a No-Year Fund whereby account balances are carried forward to the next fiscal year during the automated fiscal year close-out process. No action is necessary to reconcile these accounts by the program offices. However, monitoring of account balances should take place regularly and any discrepancies need to be corrected accordingly.

## **5.0 What information is needed to complete the alignment of revenue and expense?**



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### Fixed Fee Revenue and Expenditure Alignment

The Fixed Fee Report is used for this process. It is a cumulative total of all expense (general ledger 6100.XXXXX through 6400.121Z0) and revenue (general ledger 5900.C0000) to date and can be generated adhoc by the agency through FBMS.

#### 6.0 How do I determine if an adjustment needs to be made to a fee account?

An analysis must be performed of the expense and reimbursable accounts in each program using the Fixed Fee Report. If the total expense from a particular account does not equal total reimbursement from that same account, an adjustment must be made to bring them into alignment. The type of adjustment to make depends on whether there is excess expense or excess reimbursement in the account. Both of these scenarios are covered in this procedural document.

#### 7.0 How are adjustments made?

Adjustments are made by recording a JV document type VA – Expense to Expense JV - in FBMS for the proper amount to bring the accounts into alignment.

#### 8.0 What types of adjustments are made to the fee accounts?

Differences between reimbursements and expenses must be reconciled so that reimbursements equal expenses. The Fixed Fee Report balances are taken directly from the general ledger and therefore are the source data used for this reconciliation exercise.

#### 9.0 When do I complete the alignment of revenue and expense in the fee accounts?

The accounts should be reconciled on a quarterly basis by the respective office. The deadline for year end reconciliation will be updated each year on the Fiscal Year Operating Calendar and must be adhered to in order to close the fiscal year.

#### 10.0 Are adjustments made to fee accounts in all fiscal years?

No. Fund YYYYA2100FF is a two year fund so reimbursement and expense should only be reconciled for *expired* funds, e.g. for BFY 2013, do not reconcile BFY 2013/2014 because one year of authority remains.

#### 11.0 How do I determine the amount of revenue or expense to transfer from one account to another?

1. Open and run the Fixed Fee Report and select the tab at the bottom of the report that represents your region. Each tab has all fund years to include a cumulative total of outstanding transactions.
2. A normal balance for an expense transaction (SGL 6XXX) is positive and negative for a reimbursement (SGL 5900). However for this report both are positive to easily identify the accounts that have abnormal balances. The Total column is a sum of reimbursements minus expenses to determine the difference, if any.

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3. If the difference is equal to zero, no adjustment is required.
4. If the difference is not equal to zero, an adjustment needs to be made. Research and make the appropriate entry using the procedures below.
5. CAUTION: If the amount in either 5900 or 6XXX is negative the total is an abnormal balance so that must be taken into account when processing the adjustment transaction i.e. a negative amount in 6XXX is a decrease in expense so additional expense in this amount can be moved from the direct account to reconcile the account.
6. NOTE: Transactions should not be processed from one fixed fee account to another but rather between the fixed fee and direct accounts.

#### 12.0 What document is used to record the adjustment transaction?

A journal voucher (JV) is completed with a document type VA – Expense to Expense JV- to move expenses from one accounting string to another. The FBMS JV Processing Method is an FV50 – Park GL Account Items. The Preparer of the JV should follow the JV procedure document for guidance (attached). The preparer has the option of entering the JV manually to FBMS or via the JV Upload Template form. If the latter is used the preparer must ensure the template is completed correctly else the form will not upload to FBMS.

#### 13.0 Once I determine the amount of expense to move and the accounts affected, how do I prepare the journal voucher?

If the sum of the Functional Area is positive prepare a JV to move expense from a related direct account to the reimbursable program. This will increase the expended amount whereby reducing the available amount in the reimbursable account. It is the responsibility of the agency to determine the direct fund/program account to use.

If the sum of the program is negative, prepare a JV to move expense from the reimbursable account to a direct account. This will decrease the amount of expense in the reimbursable account so that it reconciles to the reimbursement amount. It is the responsibility of the program office to determine the correct direct fund/direct program to use.

#### 13.0 If revenue is collected after the account is balanced and closed, what fiscal year is the collection posted to in the accounting system?

If payment is received after the period of obligation authority of the performing appropriation has *expired* and the account has available reimbursable authority to cover the amount of the receipt, credit the payment to the expired appropriation where it becomes part of the resources for that year. If the account is expired and no reimbursable authority is available, the monies must be posted to the miscellaneous receipts of the U.S. Treasury account, Fund XXXA3220RR.

If a payment is received after the performing account has been *cancelled*, the monies must be credited to the miscellaneous receipts of the U.S. Treasury account, Fund XXXA3220RR (OMB Circular No. A-11, P. 6 of section 130).



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#### **Fixed Fee Revenue and Expenditure Alignment**

##### **14.0 What is the procedure when revenue is collected but the agreement and authority has not been set up? Where is the collection posted?**

New requests for reimbursable authority must be made for the first two years of the 2 year OIP appropriation. The authority remains available until the end of the second year. To set up reimbursable authority, the Office of Budget Management (OBM) asks for a three year average of collections and/or any additional documentation that will demonstrate the ability to collect since many times there is no agreement in place.

Authority should be requested in advance of collection, but many times that is not the case. In those instances, the collection is recorded in a suspense account in FBMS until the authority is set up and the agreement is entered to FBMS. After authority has been granted and is set up in the FBMS, the collection must be moved to the correct accounting line by the person who recorded the transaction in the suspense account.

The suspense fund is aged and monitored by a Senior Accountant in the Division of Fiscal Services on a monthly basis. The accountant will notify the user id who posted the transaction to the fund that the balance needs to be transferred to the correct accounting line. Follow up is then made to the Chief, Division of Fiscal Services showing all outstanding transactions and follow-up activities.

Refer to the current year Fiscal Year Close out Procedures for the deadline to request reimbursement authority from the Office of Budget Management.

##### **15.0 When should reimbursable authority be aligned to expenditure and reimbursement amounts?**

Reimbursement accounts should be monitored and any increases to authority should be made at least quarterly. A request is made to increase reimbursable authority when the actual collections received exceed the original request. If reimbursable authority expires and the full amount of the authority is not used, no requests are made at the lower accounting or budget levels to decrease the authority in FBMS because this is a year-end true up performed by Budget and Accounting at the higher levels. FBMS keeps the authority available in the second year of an unexpired appropriation. Beyond that, any new authority must be requested each year.

Refer to the current year Fiscal Year Close out Procedures for the deadline to complete the reconciliation.

If you have questions regarding revenue and expenditure alignment of reimbursable fee accounts, please contact Lynn Stapor, Acting Chief, Fiscal Services Division at 703-390-6518.

# **Interim Guidance on Preparing, Approving and Supporting Adjusting Entries (Journal Vouchers)**

## **Background**

Journal Vouchers are transactions used to update the posting of original transactions, adjustments, reversals, or corrections. Journal vouchers may be used to transfer amounts between general ledger accounts, functional areas, fund, fund center, and Work Breakdown Structure (WBS) in order to distribute charges, accrue, reverse, reclassify, or correct data.

Entering a JV in FBMS uses a combination of document type, commitment item and SGL accounts to affect the appropriate changes to proprietary and budgetary general ledger accounts. IA uses a combination of account assignment elements to record a JV (i.e. Fund, Cost Center, Functional Area, and WBS/Funded Program based on its derivation strategy).

Each JV line item requires a valid account assignment element.

## **Purpose**

This paper establishes IA's process for the review and approval of adjusting entries to ensure that they are properly prepared, reviewed, and supported.

### **A. Definition and Proper Usage of Adjusting Entries**

Adjusting entries are used to record accruals or to make changes to accounting information that was previously entered in an obligation, expenditure or revenue document.

There are three categories of Journal Vouchers (JV):

- Transfers (similar to FFS Standard Voucher)
- Adjustments (similar to FFS Journal Voucher)
- Accruals (Similar to FFS YE Documents )

**Transfers:** Are used to correct transactions that do not have overall cash implications. Examples are FBMS document types VA, VB, VC.

**Adjustments:** An entry whereby the preparer dictates the appropriate GL accounts to debit and credit. Adjustment JVs are used when other JV categories such as transfers and accruals do not exist to handle the desired postings. Examples are FBMS document types SA, SB, SU.

**Accruals:** Accruals are used to record accounts payable, grants, bankcards, annual leave, judgment funds, or allowance for bad debts for instance.



Depending on the purpose of the adjusting entry, the preparer may use one of the following document types to record the appropriate updates/changes. JV entries include nine FBMS document types: SA, SB, SU, VA, VB, VC, VD, VE, and VR.

- SA - Balance Sheet JV
- SB - Expense - Revenue to Balance Sheet JV
- SU - Budgetary Adjustment Document
- VA - Expense to Expense JV - Moves expenses from one accounting string, commitment items, trading partner combination to another accounting string.
- VB - Expense to Revenue transfer JV - Records an expense posting in one fund and revenue posting in a different fund. Primarily used with Working Capital Fund.
- VC - Revenue to Revenue transfer JV - Moves revenue from one accounting string to another accounting string. Primarily used with Working Capital Fund.
- VD - Expense/ Expense JV Override - Same as document type VA except FMDERIVE is not called and therefore, all FM Elements need to be manually entered.
- VE - Expense / Revenue JV Override - Same as document type VB except FMDERIVE is not called and therefore, all FM Elements need to be manually entered.
- VR - Reimbursable Asset JV

**FBMS JV Processing Methods:** There are four processing methods for JVs in FBMS.

- **FBS1 - Enter Accrual Document:** This processing method is used when processing an accrual. Document types that may be used include VA, VB, VC, SA, SB, SU.
- **FV50 - Park GL Account Items:** This is the suggested processing method for any transaction other than accrual. This processing method requires a different individual to post the journal entry. This processing method can be used for any document type.
- **FB01 - Enter GL Doc - Special**
- **FB50 - Enter GL Account Items**

SAP Transaction Code (Z\_JV\_UPLOAD) is used to upload a JV into FBMS. An Excel file layout required by the JV load program to enter GL Account Items is attached below.



FBMS JV Upload  
Template.xlsx

- Header data encompass columns A-G and Line Item Data encompass columns H-AB. If the spreadsheet creates multiple JV documents, populate header fields on the first row of each separate JV document to be created.
- Save the file to a CSV (Comma delimited) file type before loading to FBMS.

## B. JV Processing Roles



The review and approval of JVs are tightly controlled both in hard copy and in FBMS. IA has designed and implemented controls whereby journal entries are prepared and reviewed by separate individuals prior to entry into FBMS.

The regional accounting officers are provided with this process document to ensure the same internal controls are in place for the transfer JV documents processed at their location.

Only selected personnel in the Financial Reporting and Analysis Division (FRA) with the GL Senior Financial Accountant (GL\_SFA) role, GL Financial Accountant (GL\_FA) and the GL Field Office Accountants (GL\_FOA) have access to post a JV document. Only five senior accountants, Teri Lin, Herman Redhouse, Brian Conway, Jaime Rullan and Dana Stanley within the OCFO-FRA are authorized to approve the hard copy JV and to post the JV document in FBMS for those JV documents initiated by the OCFO Central Office including the FRA, the Systems Division, and the Fiscal Services Division. All other personnel with the GL role should only have the GL Financial Accountant – Park (GL\_FOAP) role. This ensures that FRA is notified of any JV adjustments that are being prepared outside of the FRA.

The GL\_FOA and the GL Field Office Accountant – Park (GL\_FOAP) roles are granted to the regional accounting officers, some of their staff, and a few individuals in the Fiscal Services Division. Users with these two roles are **only limited to processing document types, VA, VB, and VC**. The GL\_FOA can post these transfer documents in FBMS at their location.

GL Financial Accountant - Park (GL\_FAP) can't approve or post a JV document.

GL\_SFA can prepare and/or post a JV in FBMS with another GL\_SFA approval.

### C. Procedures

JV can be processed at any time during the month. Each adjusting entry, prior to processing in FBMS, must be prepared and approved as follows:

1. Assigned a JV control number and recorded in the FBMS JV log
2. FBMS document number and reference document number assigned to the adjusting entry recorded on the Journal Voucher approval sheet and JV log
3. Preparer's name/signature
4. Authorized approving official's name/signature (i.e., different from the preparer and usually is the preparer's supervisor). For JV, only these five individuals have authority to approve: Teri Lin, Herman Redhouse, Brian Conway, Jaime Rullan, and Dana Stanley.
5. Posted by name / signature
6. Relevant supporting documentation and explanation for the needed correction. Explanation should be specific as to why the change is needed and why this would be a proper correction.

7. Identify the source of the support documentation (e.g., if EMIS used, then identify source of the tables and report criteria used).
8. If recording accruals, brief descriptions of the assumptions, the sources of relevant factors, and detailed computation for the accrual amount.
9. If modifying a payment document, a copy of the contract, contract modification, obligating document or other approved official document to show the correct accounting string and validate the change.
10. After the JV is posted, scan and attach support documentation in FBMS.
11. Provide the hard copy JV to the verifier to review.

#### **D. Internal Controls**

Below are the internal controls that IA has put in place for the JV process.

**Preparer (Entered/Upload/Parked By)** – The journal voucher preparer will perform the following tasks:

- provide a thorough explanation for all Journal Vouchers to ensure that any questions arising regarding a Journal Voucher can be answered
- gather relevant supporting documentation and explanation for the needed correction.
- park the JV document in FBMS once approved.
- scan and attach a copy of the approved and posted copy of the JV into FBMS after the document is posted. For a correcting entry, include from the original posting the SAP document number (if available), the reference number, and the date posted; also include an explanation of why the correction is necessary.

**Approver** - Authorized approving officials are different from the preparer and in most circumstances is the preparer's supervisor. The approver will review the following:

- debit and credit totals
- validate the purpose of the JV
- check to be sure attachments are included and support the JV
- ensure that the document description and attachments include the relevant information to make the approver comfortable that the JV is appropriate and supported
- reject entries with insufficient documentation; include an explanation/reason for the rejection within the Journal Voucher

**Posted By** - Five Senior Financial Accountants (SFA), Teri Lin, Herman Redhouse, Brian Conway, Jaime Rullan, and Dana Stanley within the OCFO are authorized to post JV documents in FBMS for those outside of the Field Offices. The person posting the document can also be the approver.

**Verifier** - The verifier ensures the journal entries are recorded in FBMS accurately, reviewed and approved. The verifier will review the following:



- debit and credit totals
- check to be sure attachments are included and support the entry
- spot check posted lines to the hard copy of JV to ensure the propriety of the posting.
- ensure that the journal entry has been reviewed and approved prior to FBMS posting (evidenced by appropriate signatures)

The verifying individual should document evidence of such review by the 3<sup>rd</sup> business day of each month by signing the JV log that the verification is complete. If the verifier identifies a discrepancy they should notify the preparer of the JV document.

It should be noted that the verifier role is specifically put in place to mitigate the risk of the GL\_SFA and the GL\_FA being able to post his/her own JV documents without independent review. **Even though FBMS allows the GL\_SFA and the GL\_FOA to post JV documents without parking them in advance, it's IA's policy to always park the document first.** However, in the event, the GL\_SFA and/or GL\_FOA inadvertently post his/her own document; the verifier serves as a mitigating control as an independent reviewer.